UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11353 / January 14, 2025

SECURITIES EXCHANGE ACT OF 1934
Release No. 102195 / January 14, 2025

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4555 / January 14, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-22416

In the Matter of **DMK PHARMACEUTICALS CORPORATION (f/k/a ADAMIS PHARMACEUTICALS CORPORATION) and ROBERT O. HOPKINS,** **Respondents.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 4C AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, AND RULE 102(e) OF THE COMMISSION'S RULES OF PRACTICE, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 4C[1] and 21C of the Securities

[1] Section 4C provides, in relevant part, that:

> The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the

Exchange Act of 1934 ("Exchange Act"), and Rule 102(e)(1)(iii)[2] of the Commission's Rules of Practice against DMK Pharmaceuticals Corporation, formerly known as Adamis Pharmaceuticals Corporation, and Robert O. Hopkins (together, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have each submitted an Offer of Settlement (the "Offers") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondents admit the Commission's jurisdiction over them and the subject matter of these proceedings, and consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Sections 4C and 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

Summary

1. These proceedings arise out of an accounting and disclosure fraud case concerning DMK Pharmaceuticals Corporation f/k/a Adamis Pharmaceuticals Corporation ("DMK Pharmaceuticals" or "Adamis") and Robert O. Hopkins, its former Chief Financial Officer.

2. From 2016 through 2021, Adamis and Hopkins generated a material percentage of the company's revenues through illegal prescriptions written by a veterinarian who was compensated under a sham consulting agreement, and falsely recorded payments to the veterinarian as legitimate consulting expenses. Adamis's periodic reports filed with the Commission from 2016 through 2021 included improperly recognized revenue and had materially false and misleading statements concerning risk factors. Hopkins was responsible for the company's financial reporting and periodic reports, and knew that the periodic reports were materially misleading because of the sham agreement and payments to the veterinarian.

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violation of, any provision of the securities laws or the rules and regulations issued thereunder.

[2] Rule 102(e)(1)(iii) provides, in pertinent part, that:

> The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found…to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

Respondents

3. Respondent Adamis is a Delaware corporation with its principal executive offices in San Diego, California. Its securities are registered pursuant to Section 12(g) of the Exchange Act, formerly traded on the Nasdaq Capital Market, and currently trade on the Over-the-Counter market Pink Limited Information tier operated by the OTC Markets Group under the symbol DMKPQ. It filed periodic reports with the Commission during the relevant time period. It has no disciplinary history.

4. The conduct at issue occurred in Adamis's wholly-owned subsidiary, US Compounding Inc., which during the relevant time was an Arkansas corporation with its principal place of business in Conway, Arkansas. US Compounding ceased doing business at the end of October 2021.

5. On May 25, 2023, Adamis merged with DMK Pharmaceuticals, a privately held company, and the name of the surviving publicly traded Delaware corporation was changed to DMK Pharmaceuticals Corporation. On February 2, 2024, DMK Pharmaceuticals and its subsidiaries filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

6. Respondent Robert O. Hopkins, age 64, resides in San Diego, California. He was Vice President of Finance, Chief Financial Officer and Secretary of Adamis from 2009 until he left in August 2021. He has an undergraduate degree in finance and a Master of Business Administration. He has never been a Certified Public Accountant and has no disciplinary history.

Facts

7. Adamis was a specialty biopharmaceutical company focused on developing and commercializing products in various therapeutic areas, including allergy, opioid overdose, respiratory and inflammatory disease.

8. Adamis's wholly-owned subsidiary, US Compounding, was a registered drug compounding outsourcing facility under the U.S. Food, Drug & Cosmetic Act. US Compounding provided prescription compounded medications to patients, physician clinics, hospitals, surgery centers and other clients throughout most of the United States, including veterinary pharmaceutical products. As of July 30, 2021, Adamis began to wind down US Compounding's business, and effective October 31, 2021, US Compounding surrendered its Arkansas retail pharmacy permit and wholesaler/outsourcer permit and was no longer selling compounded pharmaceutical or veterinary products.

9. Hopkins joined a predecessor to Adamis in 2007 and continued working for Adamis in San Diego until his departure in August 2021. As Adamis's Vice President of Finance, Chief Financial Officer and Secretary, Hopkins's responsibilities included running the US Compounding subsidiary as well as financial reporting by Adamis and its US Compounding

subsidiary. Hopkins was responsible for the company's financial reporting and periodic reports. Hopkins signed (i) management representation letters to the auditor, (ii) Adamis's periodic reports as the Principal Financial Officer and the Principal Accounting Officer, and (iii) the certifications pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 ("SOX").

10. Adamis filed with the Commission annual reports on Forms 10-K for the six fiscal years ended December 31, 2016 through December 31, 2021, and quarterly reports on Forms 10-Q for the 17 interim quarters beginning June 2016 that included improperly recognized revenue and had materially false and misleading statements concerning risk factors.

Reporting of Revenues from Illegal Conduct

11. Adamis generated revenues from illegal conduct. During the period beginning with Adamis's acquisition of US Compounding in April 2016 until US Compounding stopped doing business at the end of October 2021, the primary source of Adamis's revenue was its US Compounding subsidiary. From 2016 through 2018, US Compounding generated all of Adamis's revenue, and from 2019 through the first quarter of 2021 US Compounding generated over 80% of Adamis's revenue.

12. From 2016 through the first quarter of 2021, US Compounding sales representatives improperly submitted some orders for animal medications that listed a veterinarian as the prescribing doctor when he was not the actual veterinarian for the equine patients. Hopkins, on behalf of Adamis, agreed to enter a "consulting agreement" with the veterinarian that falsely stated that the veterinarian would be paid monthly based on an hourly consulting rate of $100, while in fact the veterinarian's monthly fee was based on an oral side agreement that he would be paid a 10% commission on the illegal prescriptions. Adamis paid the veterinarian kickbacks disguised as "consulting payments" that were actually a percentage of the sales on which he was identified as the veterinarian.

13. Revenues relating to this illegal conduct were improperly recognized. The impact of the fraud was material to Adamis's reporting of revenues in its annual reports filed on Forms 10-K and in its quarterly reports filed on Forms 10-Q.

14. In addition, the fraudulent revenues from prescriptions were also material because they involved (i) unlawful acts conducted and concealed with the knowledge of the CFO, (ii) intentional misstatements to the financial statements, and (iii) intentional false and misleading statements by the CFO.

Disclosures about Two Risk Factors

15. In its annual reports on Forms 10-K, Adamis's disclosures of two items as hypothetical "risks" were materially misleading because the "risks" were things that had already happened.

16. First, the annual reports for 2016 through 2020 disclosed risk about effective sales infrastructure. When Adamis filed its annual reports for years 2016 through 2020, its CFO and certain of US Compounding's sales representatives were already engaged in the illegal conduct described above. Therefore, noncompliant sales representatives were not a theoretical risk, but the way of doing business for sales of certain equine prescription medication through one important veterinarian.

17. Second, the annual reports for 2016 through 2021 disclosed risk about noncompliance with federal and state statutes and regulations associated with its drug compounding business. Noncompliance with federal laws was not a risk, but a reality. The sales of prescription medications to equine patients using the veterinarian's license when he did not have a doctor-patient relationship violated the Food, Drug & Cosmetic Act. Furthermore, when he prescribed medications in states where he did not have a license to practice veterinary medicine, this also violated the law.

Management Representation Letters and SOX Certifications by Hopkins

18. From 2016 through 2020, Hopkins signed management representation letters to the auditor and certifications pursuant to SOX Sections 302 and 906 for both the annual reports on Forms 10-K and the quarterly reports on Forms 10-Q. Contrary to Hopkins's representations, he knew that the filings (i) contained inaccurate financial statements with improperly recognized revenue, and (ii) contained materially false and misleading statements.

Securities Registration Statements

19. Between the time Adamis acquired US Compounding in April 2016 and the time US Compounding ceased doing business in October 2021, Adamis offered and sold securities pursuant to eight securities registration statements. Each of the periodic reports were incorporated into the registration statements. Therefore, the improperly recognized revenue and false and misleading statements concerning risk factors in the periodic reports discussed above were also made in connection with these securities offerings.

Adamis's Remedial Efforts

20. In determining whether to accept the Offer, the Commission considered remedial acts promptly undertaken by Adamis and cooperation afforded the Commission staff, including but not limited to, the swift termination of all employees involved in the misconduct, the asset sale of US Compounding, and the implementation of new leadership under DMK Pharmaceuticals who had no involvement in the conduct at issue.

Hopkins's Cooperation Efforts

21. In determining whether to accept the Offer, the Commission considered cooperation afforded the Commission staff by Hopkins, including but not limited to, appearing for

an interview and answering all staff questions concerning the conduct at issue in the Commission's investigation.

Violations

22. As a result of the conduct described above, Adamis and Hopkins violated Sections 17(a)(1) and (3) of the Securities Act, and Adamis violated, and Hopkins caused the violation of, Section 17(a)(2) of the Securities Act, which prohibit any person from, in the offer or sale of a security, employing "any device, scheme, or artifice to defraud" or engaging in any "transaction, practice, or course of business" which operates or would operate as a fraud or deceit upon the purchaser, or obtaining money or property by means of any materially false or misleading statements.

23. As a result of the conduct described above, Adamis and Hopkins violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit any person from, in connection with the purchase or sale of a security, employing "any device, scheme, or artifice to defraud" or engaging in any "transaction, practice, or course of business" which operates or would operate as a fraud or deceit upon any person, or the making of any untrue statement of material fact or the omission of a material fact necessary in order to make the statements made not misleading.

24. As a result of the conduct described above, Adamis violated, and Hopkins caused the violations of, Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder, which require issuers with a class of securities registered pursuant to Section 12 to file accurate and complete annual and quarterly reports with the Commission and mandate that periodic reports contain such further material information as may be necessary to make the required statements not misleading.

25. As a result of the conduct described above, Adamis violated, and Hopkins caused the violations of, Section 13(b)(2)(A) of the Exchange Act, which requires issuers with securities registered pursuant to Section 12 to "make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer."

26. As a result of the conduct described above, Hopkins willfully violated Exchange Act Rule 13b2-1, which prohibits any person from, directly or indirectly, falsifying or causing to be falsified any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act.

27. As a result of the conduct described above, Adamis violated, and Hopkins caused the violations of, Section 13(b)(2)(B) of the Exchange Act, which, among other things, requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP.

28. As a result of the conduct described above, Hopkins willfully violated Section 13(b)(5) of the Exchange Act by circumventing internal accounting controls concerning the vendor payment processes by approving payments to the veterinarian that he knew were improper.

29. As a result of the conduct described above, Hopkins willfully violated Exchange Act Rule 13b2-2, which, among other things, prohibits an officer from making a materially false or misleading statement to an accountant in connection with any required audit, review or examination of the issuer's financial statements or the preparation of a report required to be filed with the Commission.

30. As a result of the conduct described above, Hopkins willfully violated Exchange Act Rule 13a-14, which requires financial officers, among other things, to certify that the periodic reports filed on Forms 10-K and 10-Q do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Adamis shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, and 13a-13 thereunder.

B. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Adamis is ordered to pay disgorgement $313,613 and prejudgment interest of $20,701, for a total payment of $334,314, which amount is deemed satisfied by the forfeiture payments ordered in a parallel criminal action.

C. Pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Hopkins shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) and 13(b)(5) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-13, Rule 13a-14, 13b2-1 and 13b2-2 thereunder.

D. Pursuant to Section 8A of the Securities Act and Sections 4C of the Exchange Act, Respondent Hopkins is permanently barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange.

E. Pursuant to Section 4C of the Exchange Act and Rule 102(e) of the Commission's Rules of Practice, Respondent Hopkins is denied the privilege of appearing or practicing before the Commission as an accountant.

By the Commission.

Vanessa A. Countryman
Secretary